~~SECRET~~

Executive Registry
80-14995

DCI/CT 80-0103/1

10 OCT 1980

STAT

MEMORANDUM FOR: Acting Director of Central Intelligence

FROM: [redacted] 25X1
Deputy to the DCI for Collection Tasking

SUBJECT: Letter of Response to Secretary of Commerce

REFERENCE: Letter to DCI from Secretary of Commerce, dated 3 October 1980

1. Action Requested: Your signature on the attached letter of response to Secretary Klutznick's request for your views on issues raised in a recent OMB guidance letter relative to the development of a follow-on to the current LANDSAT civil satellite program. [redacted] 25X1

2. Background: As you are aware, three Presidential Directives (PD/NSC-37, PD/NSC-42, and PD/NSC-54) have been generated by the recent review of national space policy. The basic objectives with reference to the civil space programs were indicated in PD/NSC-37 as being "to increase the body of scientific knowledge about the earth and the universe; to develop and operate civil applications of space technology; to maintain United States leadership in space science, applications, and technology; and to further United States domestic and foreign policy objectives." This Directive also provided for encouraging "domestic commercial exploitation of space capabilities" under government authorization and supervision. The two subsequent Directives provided further guidance, essentially concerning the specifics of implementing these basic objectives. Thus, PD/NSC-54 levied upon Commerce the responsibility for preparing the transition plan from the current NASA LANDSAT experimental system to an operational satellite remote sensing program for civil applications. The transition plan was to cover, among other subjects, "system financing including pricing policies for the users' sharing of costs." [redacted] 25X1

3. The differing reactions between OMB and the federal user agencies to the Presidential guidance surfaced during the evolution of the formal Transition Plan, which was completed in June. On one hand, the OMB thrust was to reduce program costs to the minimum, to push to the maximum cost sharing by users, and to turn over ownership and operation of the system to the private sector as soon as possible. Implementation of the OMB budget policies would:

EXECUTIVE REGISTRY
DATE 10 L-116

PD-37

[redacted] 25X1

~~SECRET~~

SUBJECT: Letter of Response to Secretary of Commerce

a. mean limited capability systems that will result in loss of U.S. leadership in civil applications of space technology;

b. stretch out the recommended procurement plans, thereby threatening continuity of data flow; and

c. create a managerial/budgetary nightmare as the operations of the civil system became dependent upon uncertain contributions from the various users. 25X1

4. The other user agencies (Commerce, Agriculture, Interior, State) have emphasized:

a. implementing the basic policy objective of maintaining U.S. technological leadership in civil space matters, and

b. developing a sound program that would provide useful services, thereby attracting a broad market of federal, private, and foreign users. 25X1

5. The OMB-user agency differences appeared to be somewhat moderated by devising language in the text of the Transition Plan that tried to respond to both points of view. However, the 16 September 1980 OMB letter indicates that the OMB position--which is supported by Dr. Frank Press--continues to be dominated by the sole objective of minimizing the near-term budgetary effect without consideration of the resulting impact on the national policy objective of maintaining leadership in space. The OMB approach is unrealistic since its pressures for reduced system investments--and capabilities--and for higher product costs will be a strong incentive for driving present users away, especially given the uncertainties in data flow and the near-term prospect of aggressive competition from France. Furthermore, the private sector does not appear to be too enthusiastic about taking over system ownership at this time, and an inadequate system will only serve to strengthen their reservations. Even if they are willing, devising and approving the enabling legislation will probably take a minimum of two years. 25X1

25X1

25X1

SUBJECT: Letter of Response to Secretary of Commerce

7. Staff Position: The attached letter of response highlights critical points about the implementation of the national policy objective to maintain U.S. leadership in space that have not been addressed in the OMB comments and provides specific information about the aggressive nature of the French competition. It should, therefore, be useful to Secretary Klutznick in his present plan to get the President's resolution of these issues. The letter has been coordinated with, and concurred in by, RMS and NFAC (OGSR and OSWR). [redacted] 25X1

8. Recommendation: I recommend that you sign the attached letter to Secretary Klutznick. [redacted] 25X1

[redacted] 25X1

Attachment:
Proposed Letter for Acting DCI Signature 25X1

UNCLASSIFIED

The Director of Central Intelligence

Washington, D.C. 20505

DCI/CT 80-0103

14 OCT 1980

The Honorable Philip M. Klutznick
Secretary of Commerce
Washington, D.C. 20230

Dear Phil,

Thank you for your letter to Admiral Turner. The following comments are in response to your 3 October 1980 request for our views on the current issues relative to developing a follow-on system to the LANDSAT program.

I note that with reference to the civil satellite remote sensing program the three recent Presidential Directives on National Space Policy have consistently stressed the two major objectives of maintaining U.S. leadership in space science, applications and technology, and encouraging greater private sector involvement in the operation and ownership of the satellite imaging system.

In contrast, the 16 September 1980 OMB letter has focused on the aspect of minimizing the budgetary impact of the civil remote sensing program. In this period where the need for fiscal constraint is critical, the various OMB comments warrant careful assessment. However, the basic position of indicating that the OMB "decision to provide increased funding for this program will be dependent on thorough programmatic justification and the willingness of the users to share in the costs" fails to give any weight to the major Presidential objective of maintaining U.S. leadership in space technology. It also seems to ignore the stipulation in Presidential Directive/NSC-42 that an "adequate federal budget commitment will be made to meet the objectives" of the national space policy. In our judgment, these omissions pose the serious risk of undermining one of the cornerstones of national space policy.

The OMB letter acknowledges that moving on to the LANDSAT follow-on system is "an area where we have little experience." Indeed, some of the subsequent points it makes seem to be predicated upon assumptions that are incomplete, inconsistent, or both. Thus, with reference to NOAA Recommendation 1, OMB is insisting that before the concept of attempting to maintain continuity of data in the 1980s can be accepted, more detailed programmatic justification will be required by the users. As a point of fact, this OMB requirement is being addressed almost exclusively to the federal agency market. It ignores two key points--that there are other users, both domestic and foreign, and the basic fact that if a remote sensing system does not provide continuity of data, users who have made or are about to make investments of manpower

and equipment will be forced either to curtail their investment or shift to alternative sources of data. Lack of data continuity is a strong counterforce to market expansion. Establishing continuity of data is a foundation without which the United States cannot maintain leadership in civil space applications.

OMB makes the implementation of NOAA Recommendation 2 to develop specifications in 1981 for the goal of initiating a fully operational system in 1989 conditional upon the willingness of U.S. users to invest. OMB, therefore, indicates that a future, more advanced operational system should be deferred beyond 1989. This position appears to be predicated upon the assumption of a static condition whereby the making of decisions concerning the civil remote sensing program can continue in the future as in the past on the basis of unchallenged leadership and with disregard of competitive foreign programs.

However, the remote sensing field will become far more dynamic in the next few years as U.S. leadership is challenged by the ongoing programs of France and Japan. Current information indicates that the French SPOT program is comprehensive and aggressive. France has scheduled the first SPOT satellite to be launched in November 1983, with operational services to begin in January 1984. The satellite will carry two imaging instruments capable of providing either a 20-meter or 10-meter capability--as compared to 80 meters and 30 meters for the United States. The spectral range will be similar to that of the LANDSAT MSS but will extend only to 0.9 micrometers into the infrared spectrum--as compared with the 1.1 on the MSS. However, the pointing aspect of the SPOT system will afford a stereoscopic capability that will be especially useful for topographic mapping and geological surveys. The French government has announced the policy that, although the 20-meter imagery will be distributed without restriction to all users who pay the appropriate fees, the 10-meter imagery will be released only with the consent of the countries that are imaged. The higher resolutions and the restrictions on the dissemination will have a strong appeal to many countries.

This SPOT program has been under development for a number of years and was approved in late 1977 by the French government which also provides the funding. The stated objectives of the SPOT program are quite broad and include more effective land use management of French territory, facilitating involvement of French companies in the economic development of the developing nations, and providing a technologically sound basis for a subsequent military reconnaissance program. The SPOT system processing objective is to supply some standard products within 48 hours and fully processed products within one week. Various parts of the

French government's scientific and technical organizations are apparently being geared up to provide additional specialized imagery interpretation and analytical services. The Japanese satellite program can also be expected to be a strong competitor.

It may well be that not all of these plans will be effected during the 1980s, but these foreign developments emphasize the point that the U.S. civil remote sensing program will be subject to aggressive foreign competition. If the development of its advanced capabilities should be put into a holding pattern, maintaining U.S. technological leadership will become increasingly difficult.

Therefore, there is a need to reaffirm the basic Presidential objectives with reference to the conduct of the civil space programs as they were unequivocally outlined in Presidential Directive/NSC-37--"to increase the body of scientific knowledge about the earth and the universe; to develop and operate civil applications of space technology; to maintain United States leadership in space science, applications, and technology; and to further United States domestic and foreign policy objectives."

With reference to the OMB comment on NOAA Recommendation 3, it should be noted that price levels which are too high will also drive users to curtail their purchase of U.S. satellite products or shift to alternative sources. Again, nowhere does there appear to be OMB consideration of the impact of foreign competition.

To summarize, I believe an inadequate or poorly implemented system of capital investments poses the risk of developing an inefficient or unreliable remote sensing system. This will serve only to further stimulate foreign competition for the international market that previous U.S. investments have basically created. It will also lead to erosion of the current U.S. leadership in civil applications of remote sensing technology from space, maintenance of which is a basic objective spelled out in the Presidential Directives. Since the Europeans and the Japanese are already making major remote sensing advances, satisfying this objective should be a major consideration. Furthermore, a marginal or substandard U.S. system not able to compete with foreign competition also decreases the likelihood of achieving private sector involvement in the future operation of civil remote sensing activities--still another Presidential objective. And, finally, such a system will even fail to meet domestic users' needs for data continuity and reliability.

Sincerely,

/s/ Frank C. Carlucci

Frank C. Carlucci
Acting Director

SUBJECT: Letter of Response to Secretary of Commerce

DISTRIBUTION:
Original - ADCI
1 - ER
1 - D/DCI/CT
1 - AD/DCI/CT
1 - D/DCI/RM
1 - CTS/PTO Chrono
1 - CTS/PTO Subject
1 - CTS Registry
1 - RMS Registry
/— DCI/

CTS/PTO/ [redacted] October 1980 25X1